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CIA 'entities' used phone, trustee for Rewald reports

By Walter Wright

Advertiser Staff Writer

Ronald Rewald supplied a telephone and address for five "entities" for the Central Intelligence Agency to use as covers for intelligence-gathering operations, bankruptcy trustee Thomas Hayes said yesterday.

Expenses for the covers were to be reimbursed by the CIA, Hayes said.

However, U.S. District Judge Martin Pence said yesterday that he has reviewed the supposedly CIA-related documents and found nothing in them indicating where any of the missing money might be. Pence said Rewald thought he was a much bigger deal with the CIA "than he was in fact."

Hayes said the "covers" were listed in a letter Rewald wrote earlier this year to Jack Rardin, head of the CIA office here. In the letter, Rewald asked the CIA to intervene and stop a tax investigation involving him.

Rewald wrote that the Internal Revenue Service tax probe was threatening the covers, Hayes said. Hayes said the CIA connection dates back five years.

Other documents found in the files of Rewald's investment firm — Bishop, Baldwin, Rewald, Dillingham and Wong — mentioned personnel and referred to foreign operations, mostly in the Far East, Hayes said.

But both Hayes and Judge Pence said Rewald's CIA connection does not appear to lead to more assets for the 400 investors who appear to have lost most of the \$10 million to \$12 million they placed with the firm.

Pence, who reviewed six envelopes of documents before agreeing with a CIA request to keep them secret yesterday, said he found "absolutely nothing in any of the documents which might indicate or possibly lead to the location of any possible hard assets."

The documents, Judge Pence said, led him to the conclusion "that Rewald, through contacts with members and former members of the CIA, considered himself a more important, undisclosed private associate of the CIA organization than he was in fact."

Pence said he saw "nothing in the documents to indicate that any of Rewald's slight involvements with intelligence activities explained any of the financial activities" of the company.

Hayes said John Kindschi, former CIA chief for Hawaii, who was a Rewald consultant and an investor in the company, received \$140,000 from the company on Rewald's instructions the day the company closed Aug. 1. That money must be returned under the bankruptcy rules, Hayes said.

The trustee said he has felt Rewald's CIA connection was "small-time," but has been growing more curious about it because of the intense interest the CIA has shown over the past month in keeping several documents secret.

Hayes said he is not aware of all of the contents of the documents the CIA has classified, but from what he does know he believes that Rewald's connection to the agency was confined to the telephone and mail drop.

He said Rewald's office manager, Su Wilson, said in her resume that she worked at one time for the National Security Agency, which advises the president on security matters. Hayes said he knows of nothing linking Wilson to the CIA.

Rewald's attorney, Robert Smith, insisted yesterday that Rewald never publicly discussed an association with the CIA. An attorney for Sunlin Wong, former president of Rewald's firm, had quoted Wong as quoting Rewald as saying he would make public statements unless the CIA got him off the hook.

Television reporter Larry Price, the only reporter to interview Rewald after his suicide attempt July 29, reported last night that Rewald had told him he was worried that his CIA connection might make it difficult for him to defend against the charges against him.

Other sources yesterday discounted speculation that the CIA's interest in the case had anything to do with a "humanitarian effort" by Rewald and others to help retired Air Force Gen. Hunter Harris with a drinking problem.

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Hayes said it appeared that Rewald's company had picked up as much as \$30,000 in Harris' debts in Honolulu. He said the company had received a gun collection from Harris as well as 75 units of a 2,500-unit interest in 13 million acres of Korean offshore oil leases.

Hayes said there was a "special telephone" in Rewald's office for use by the CIA cover entities, which he refused to name. But one telephone in Rewald's office, separate from the rest of the switchboard, bears a number which the telephone directory lists as that of Canadian Far East Trade Corp. in Rewald's suite in the Grosvenor Center.

In other developments yesterday, attorneys for Elizabeth Halvorsen filed suit in federal court against Robert W. Jinks, an attorney and associate of Rewald.

Halvorsen earlier filed a claim for \$800,000 with the estate.

The suit said Jinks mismanaged assets of the Halvorsen trust, making imprudent investments in the Rewald firm while receiving commissions and profits on transactions involving trust assets.

Jinks could not be reached for comment.

The trust was set up in 1975 by wealthy Kona sportsman L. Don Halvorsen, who died of a gunshot wound in 1978. A Kona fisherman was charged with murder in the case, but charges later were dropped.

Elizabeth Halvorsen is the guardian for the beneficiary of the trust, Kit Lee Halvorsen.